

## Memorandum

**Date:** October 27, 2015

**To:** Honorable Mayor and City Council Members

**From:** Mark Scott, City Manager and Amy Albano, City Attorney *aaa MS*

**Subject:** Conceptual Term Sheet with Burbank-Glendale-Pasadena Airport Authority re Replacement Terminal

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### **RECOMMENDATION**

1. Endorse the Bob Hope Airport Replacement Terminal Conceptual Term Sheet (Ex. A) and direct staff to begin preparing the necessary legal documents memorializing the terms therein.
2. Direct staff to work with the Authority to schedule a meeting with the Federal Aviation Administration (FAA) in Washington, Authority Commissioners, Council Members from each of the 3 cities, as well as Congressman Schiff to discuss a mandatory curfew and the elements of this proposal.

### **BACKGROUND**

The Burbank-Glendale-Pasadena Airport Authority (Authority) proposes to build a 14 gate, 355,000 sq. ft. replacement terminal on the Adjacent Property (part of the former Lockheed B-6 property; see map at end of this report), and the City agrees this is the preferred location. But to build there, the Authority needs approvals from both the City Council and Burbank voters.

The Council over the past couple of years has been negotiating with the Authority for a change in governance of the Authority – enhancing Burbank's role in governing the Airport – in exchange for release of a City-owned easement that prohibits any airport development on the Adjacent Property. Throughout the last year or more of negotiations, the Authority has agreed with this principle and our negotiations have focused largely on how to meet this requirement. The City's objective in this effort is to bring long term peace in our relationship with the Authority and to implement protections, which would ensure that such a peace is as permanent as possible. There are other terms and conditions necessary to any agreement to allow a replacement terminal, but the governance change is the most important.

Last February the Authority and City publicly released their respective position papers. There were some significant differences between the parties' positions and the parties remained at a standstill until July. In mid-June Congressman Schiff hosted a meeting with the Mayor and Vice-Mayor and the President and Vice President of the Authority. He facilitated a dialogue of the parties concerning their respective positions. Stemming from that meeting, on July 15, 2015, the Authority released a new proposal (Exhibit B), which was presented at a joint meeting of the Authority and City Council on that same day. Since then, the City and Authority officials continued to meet in good faith leading to the development of the Conceptual Term Sheet (Exhibit A).

## **PROCESS**

It is important to note, that this term sheet is not a final agreement. Prior to any City agreements being finalized or entitlements granted for construction of the replacement terminal, an Environmental Impact Report (EIR) for the proposed replacement terminal must be completed, public hearings held and a development agreement prepared. This process will take months. Even if Council were to approve an agreement and entitlements, Burbank voters would have the final say pursuant to Measure B. (Measure B requires a public vote to validate any agreements by or discretionary acts of the Council for an expanded or relocated airport terminal project.)

## **DISCUSSION**

The Conceptual Term Sheet is a simple outline of elements that, if endorsed by Council and the Authority, will be the cornerstone for the many legal documents needed for approval of a 14 gate replacement terminal. The Council has been unwavering in its position that it is willing to support releasing the City's easement to allow a replacement terminal on the Adjacent Property only if there is a change in Airport governance, as outlined below.

### **Change in Airport Governance:**

The Authority is a separate governmental entity created and regulated by a Joint Powers Agreement (JPA) among the cities of Burbank, Glendale and Pasadena. The JPA provides for a 9-member Commission – three appointed by each City Council - that oversees the Airport.

Both the City and Authority proposed that the JPA be amended so that in the future certain actions may only be taken if there is an affirmative vote by at least two Commissioners from each City (i.e. super majority voting). The City believes that the following actions are so important that there must be a consensus of the three cities' appointees before they may be taken:

- Any increase in the number of commercial airline passenger gates above 14.
- Creation or construction of any remote parking positions for airline passenger aircraft.

- Approval of any expansion of the existing terminal, any expansion of a replacement terminal, or any relocation of airline passenger related airport functions from a replacement terminal.
- Amendment to the Authority's noise rules or a change in enforcement except to implement a mandatory curfew.
- Amendment to the Authority's voluntary curfew or change in enforcement.
- Abandonment of the Authority's support for federal legislation to allow a mandatory curfew.
- Approval of the purchase of real property except for aviation easements.
- Approval of an airport management contract or lease with a term over 35 years.

The Conceptual Term Sheet incorporates all these protections, and further provides that these governance protections will take effect immediately upon a valid affirmative Measure B vote or resolution of litigation validating the Measure B vote. In exchange the Authority may build a replacement terminal anywhere on the Airport. Therefore, the Council agreed that super majority voting would not be applied to Authority Commission decisions concerning development of a 14 gate replacement terminal.

#### **Adjacent Property Easement:**

As mentioned above, the City holds an easement (a property interest) which controls how the Adjacent Property can be used. In exchange for the governance provisions outlined above, and upon construction of any approved replacement terminal on the Adjacent Property the City will release its easement. In the interim, if a deal is approved by Council and Burbank voters, the easement will be modified to allow construction of the replacement terminal on the Adjacent Property.

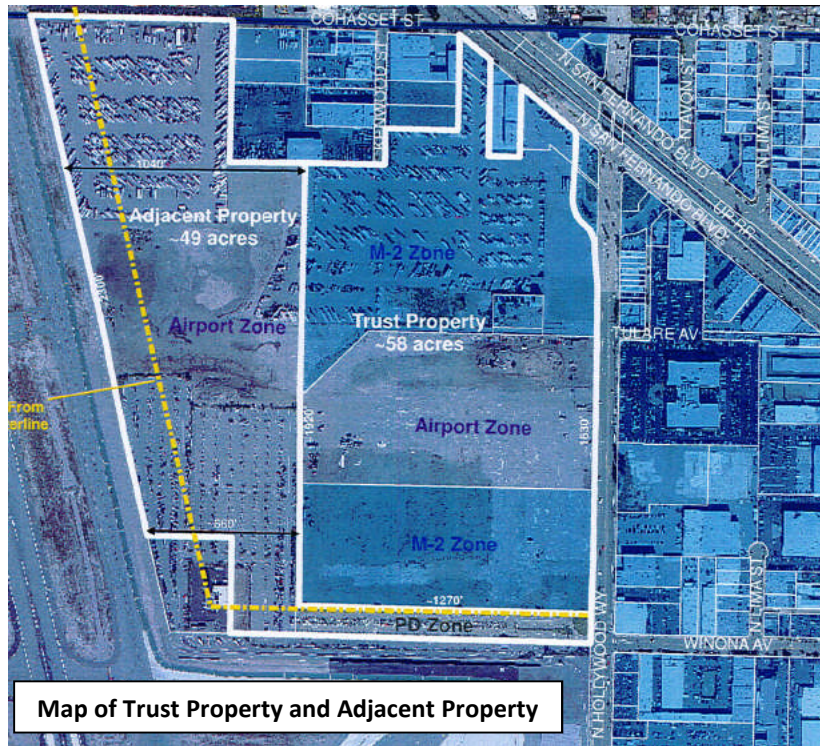
#### **Federal Aviation Administration:**

Almost as important as the change in governance is for the City, it is also crucial to have a united front with the Authority and the cities of Glendale and Pasadena on the issue of a mandatory curfew. Everyone agrees that the City should be entitled to a mandatory curfew, but current federal policy does not allow it. Therefore, the Authority, Glendale and Pasadena agree to join Burbank in going to Washington and meeting with the FAA, with Congressman Schiff. The purpose of this meeting is to not only discuss, but to jointly request a mandatory curfew, as well as discuss the Conceptual Term Sheet.

#### **CONCLUSION**

The Authority Commission is scheduled to consider endorsement of this Conceptual Term Sheet at its meeting on November 2, 2015. If both the Council and Authority Commission endorse this Conceptual Term Sheet, then their respective staff will work to schedule a meeting with the FAA, as outlined above. Also the Authority will begin the EIR process for the replacement terminal. Once the EIR is complete, and after noticed public hearings, the Council, in exercising

its discretion, will vote on any entitlements and documents necessary for a replacement terminal. If Council approves a replacement terminal, then an election will be called to allow Burbank voters to make the final decision on a replacement terminal. Just to be clear the voters have the final say.



### **Exhibits**

Exhibit A: Conceptual Term Sheet

Exhibit B: Burbank-Glendale-Pasadena Airport Authority Proposal, July 15, 2015.